

## DEPARTMENT OF FOOD AND AGRICULTURE



Division of Measurement Standards  
8500 Fruitridge Road  
Sacramento, California 95826-4808

DMS NOTICE  
QC - 02 - 5

October 16, 2002

Discard: 10/03

TO WEIGHTS AND MEASURES OFFICIALS

**SUBJECT: Statewide Automated Checkstand (Scanner) Survey**

The Division of Measurement Standards, in cooperation with the California Agricultural Commissioners and Sealers Association, has recommended that statewide surveys of devices be conducted on a regular basis. In keeping with that recommendation, the Division has scheduled a statewide scanner survey. It was agreed that each county selected for the survey would inspect their stores and forward the reports to the Division for data entry and statistical analysis.

Based on the information provided, 500 stores were selected at random for the survey. If your county was not one of those selected to participate, the information you provided is still useful in determining the demographics of computerized pricing.

Attachment A lists the number of establishments randomly selected for inspection in each county.

Attachment B outlines the inspection procedure to be used along with a sample of a completed form.

**Your Area Specialist will contact you with the specific establishments to be inspected.** If you have stores listed and have not been contacted by October 30 or have any questions regarding the survey, please contact Ken Lake, Measurement Compliance Program Supervisor, at (916) 229-3047.

We ask that your staff complete the survey between November 4 and December 6, 2002 in order to ensure comparable results throughout the State. If you believe you will be unable to complete the number of inspections in this period, please contact your Area Specialist.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Cleary", with a stylized flourish at the end.

Mike Cleary  
Director  
(916) 229-3000

Attachments

**Attachment A****NUMBER OF ESTABLISHMENTS TO BE INSPECTED**

COUNTY	NUMBER TO BE INSPECTED
ALAMEDA	6
AMADOR	0
BUTTE	3
CALAVERAS	0
COLUSA	0
CONTRA COSTA	19
DEL NORTE	0
EL DORADO	3
FRESNO	11
GLENN	0
HUMBOLDT	0
IMPERIAL	2
INYO / MONO	0
KERN	12
KINGS	3
LAKE	1
LASSEN	0
LOS ANGELES	221
MADERA	1
MARIN	1
MARIPOSA	0
MENDOCINO	0
MERCED	12
MODOC	1
MONTEREY	2
NAPA	2
NEVADA	1
ORANGE	31

COUNTY	NUMBER TO BE INSPECTED
PLACER	2
PLUMAS / SIERRA	0
RIVERSIDE	25
SACRAMENTO	7
SAN BENITO	1
SAN BERNARDINO	15
SAN DIEGO	62
SAN FRANCISCO	2
SAN JOAQUIN	4
SAN LUIS OBISPO	2
SAN MATEO	3
SANTA BARBARA	2
SANTA CLARA	15
SANTA CRUZ	3
SHASTA	2
SISKIYOU	1
SOLANO	2
SONOMA	2
STANISLAUS	4
SUTTER	2
TEHAMA	1
TRINITY	1
TULARE	3
TUOLUMNE	2
VENTURA	3
YOLO	2
YUBA	0

## Attachment B

### INSPECTION PROCEDURE

Use the inspection procedure in the Quantity Control Program Manual, 2002, "CHECKSTAND SALES PRICE INSPECTION", Rev. 10/1/01, beginning on page 13 (copy attached), with the following exceptions.

**Exactly 30 items** are to be scanned at each location. If an item is not on file, replace it with a substitute item.

All of the regular and "sale" items are to be selected in a random manner with no emphasis on problem areas. About half of the "sale" items should be pre-selected from newspaper or other advertisements.

Only one item from a lot may be selected. If there is a duplicate due to the random sampling, replace it with another item.

Use the Sales Price Report QC-49-007 (copy attached) to report the results. Write "SURVEY" and the letter designation for the type of store on the top of the report. (F=Food, A=Auto, B=Building Supply/Hardware, D=Drug, V=Discount/Variety, M=Miscellaneous, etc.). If the store is using a PLU (price look-up) or SKU (stock-keeping unit) system, write that above the box marked SCANNING.

Fill in as much information as possible for all items with any discrepancy in pricing. **If the price charged for an item is correct (i.e., price charged is the same as the correct price), do not fill in any information for that item.** The columns are to be filled out as follows:

**"SALE PRICE"**: Fill out only if the item is on sale, has the price reduced, or is any other type of special.

**"Adv."**: The "SALE PRICE" which is advertised in advance in a newspaper or flyer.

**"In Store"**: The "SALE PRICE" of an item on special in this store only (i.e., in-store specials, closeouts, markdowns, etc.).

**"SHELF PRICE"**: The price marked on the shelf under the item selected. This may be the same as the sale price.

**"ITEM PRICE"**: The price marked on the item selected.

**"REG. PRICE"**: The usual or customary price for the item; not a sale price.

**"Spec. Disp."**: Is the item in its usual place on the shelf or is it on some type of special display, end of aisle, free standing aisle display, etc.? Yes or No.

**"Tax"**: Is the item taxable? Yes or No.

**"PRICE CHARGED"**: The price printed on the receipt.

**"CORRECT PRICE"**: The lowest of the advertised, shelf, item, or regular price.

## Attachment B

"ERROR": The monetary value of the difference between the PRICE CHARGED and the CORRECT PRICE. It is an undercharge if the CORRECT PRICE is more than the PRICE CHARGED; it is an overcharge if the CORRECT PRICE is less than the PRICE CHARGED.

Additionally, these spaces must be filled in on each form:

The SUBTOTAL for the PRICE CHARGED and CORRECT PRICE. Do not include the sales tax or any CRV (California Redemption Value charged for beverage containers) in these subtotals.

The total value for all of the undercharges.

The total value for all of the overcharges.

T.E., Total Error (algebraic total of the total under and overcharges).

No. INSPECTED, number of items inspected. For this survey, this number is to be 30.

No. OVERCHG, number of items having an overcharge.

No. UNDERCHG, number of items having an undercharge.

Send the originals to your Area Specialist. **The receipt or a copy of the receipt must be attached to each report.** Give one copy to the establishment and keep a copy for your records.

## **CHECKSTAND SALES PRICE INSPECTION**

### **SCANNING SYSTEM, MANUAL ENTRY, AUTOMATED PRICE LOOK-UP (PLU), STOCK-KEEPING UNIT (SKU)**

#### **A. Equipment**

1. Sales Price Report, Form 49-007, original and two copies.
2. Calculator (optional).
3. Calibrated one or two-pound weight (optional).
4. "Scanning Gun" (optional).

#### **B. Special Notes**

1. This procedure may be used to check the accuracy of prices charged when the establishment uses a device to scan a code, an automated price look-up method where codes (PLU, Price Look-Up; SKU, Stock Keeping Unit) are manually entered, or where a clerk "rings up" (manually keys in a price) the item price. It also includes an optional produce price code check.
2. If the price to be verified is for items weighed or measured at the time of sale, see Test Purchase procedure, page 169.
3. A device designed to read and record or to print the bar code (scanning gun) may be used for the inspection in lieu of taking all the items to the checkstand to be scanned. Use of a "gun" may not result in a receipt. Whatever method is used, a Subtotal Price Charged must be recorded on the inspection report.

**ALL ITEMS WITH A PRICING DISCREPANCY MUST BE TAKEN TO A CHECK-  
STAND AND PHYSICALLY SCANNED, AND A RECEIPT MUST BE OBTAINED AS  
PROOF OF THE PRICE CHARGED.**

#### **C. Definitions**

1. Price Charged: The price displayed on the customer view screen or printed on the receipt, whether the item is scanned, entered then voided, or purchased.
2. Correct Price: The lowest of the advertised, quoted, posted, or marked price. If there are no under or overcharges, this will be the same as the price charged. Be aware that store personnel may use this term with a different meaning.
3. Undercharge: When the price charged for an item is less than the correct price. The dollar value is determined by subtracting the correct price from the price charged.
4. Overcharge: When the price charged for an item is more than the correct price. The dollar value is determined by subtracting the correct price from the price charged.
5. Percent Overcharge: The dollar value of the overcharge divided by the correct price for that item then multiplied by 100.

BUSINESS NAME: SUPER DISCOUNT CENTER DATE: 11-28-96  
ADDRESS: 109 So. Main  
Rock Ridge  
TIME: 1:20 PM  
SALE ADV. DATE: 11-26-96  
SIGNATURE: Daniel Neils

[illegible]

6. Algebraic Error (Total Error, TE): The difference between the total of all overcharges and the total of all undercharges. The total error may be either an overcharge (+) when the customer is asked to pay more than the correct price, or an undercharge (-) when the customer is asked to pay less than the correct price.
7. Percent Total Overcharge: When there is a total overcharge, this is the dollar value of the Algebraic Error (Total Error, TE) divided by the correct price subtotal, excluding sales tax and California Redemption Value (CRV), and then multiplied by 100.

#### D. General Procedures

1. For a typical supermarket location, approximately 30 items from throughout the store should be selected. Fewer items may be selected for smaller stores and more for larger establishments. About half of these should be represented as on-sale, price reduced, or be indicated in some manner that they are "special buys". These should include in-store specials, markdowns, or close-outs. Advertised items may be pre-selected using flyers or newspaper advertisements. Except for multi-buy items (items priced "two [or more] for a specific price") the sample should not include more than one of the same item. No deliberate effort should be made to select mis-marked or mis-priced items.

Multi-buy discount items are considered to be one item. Using the example 3 for \$1.00, all three items count as one item because all three have to be purchased to receive the \$1.00 price.

If the establishment uses equipment to print a bar code on packages weighed and labeled on the premises (e.g., meat, deli, bakery), select an additional five or more of these packages for price verification.

2. When, in addition to conducting an inspection of the store, you are investigating a complaint, following-up on a suspect item, or questioning an item not part of the sample, these specific items should be selected and evaluated separately from the rest of the sample.
- ✓ If you are going to identify yourself before having the prices computed or scanned, proceed with Section E - Disclosure Procedure. If you are conducting an undercover inspection, skip to Section F - Undercover Procedure, on page 17.

#### E. Disclosure Procedure

- E3. Place the sample items in a market basket. For the optional produce check, five additional items may be selected from the produce department. Do not place these in the basket, but record the identity, product code, and price per pound for later use. Take one of each type and size of produce bags or containers available for the customer's use. These will be used to verify the tare taken at the checkstand.
- E4. Contact the store management, explain the nature of the price inspection, and request the items in the basket be scanned, or entered in a manner that will give a void receipt showing a description of each item, price charged, and the total price excluding any sales tax. **Do not conduct the test in "Training Mode" or the "Manager's price checking mode." Some systems use a different database for pricing in these modes. Do not operate the equipment or scan the items yourself; store personnel must do this.**

DATE: 11-07-96  
TIME: 1:35 PM  
SALE ADV. DATE: 11-02-96  
PUBLICATION: MONEY SAVER

[illegible]



- E5. After the items have been scanned and replaced in the basket, place the calibrated weight, along with one of the produce bags or containers on the scale. Ask the checker to charge for this as if it were one of the selected produce items. Check for entry of the correct item, weight, price per pound, computed price, and tare deduction. Continue with the remainder of the produce codes and containers.
- E6. Taking the receipt tape, return the items to the display shelves. As each item is replaced, check for agreement between the receipt, item price, shelf price, and "special" price. Record any overcharges or undercharges. It is an overcharge, if the scanned or entered price on the receipt is greater than the lowest of the posted, marked, or advertised price, excluding sales tax and CRV. An undercharge occurs if the receipt charge is less than the lowest of the above. Carefully note all critical information, such as the number of displays and the approximate number of overcharged or undercharged items on display.
- E7. Record on the Sale Price Report all available information for each item with any difference between the advertised, item or shelf prices, and the price charged.
- E8. Discuss the results of the inspection with the person in charge and have that person sign the form along with his or her title. Leave a copy with the store. Attach the receipt tape to your copy. Mail one copy, with a copy of the receipt attached, to the local DMS office.

**ALL PRICING ERRORS MUST BE CORRECTED BEFORE LEAVING THE STORE.  
SEE CITATION PROCEDURE MANUAL FOR APPROPRIATE ENFORCEMENT  
ACTION.**

F. Undercover Procedure

- F3. Place the sample items in a market basket. Inconspicuously record shelf prices or "special" prices. Produce items may be included.
- F4. Proceed through the checkstand as a normal customer. At this point you may identify yourself, ask that store management be contacted and proceed as in Disclosure Procedure, Step E6. If you wish to maintain undercover identity, purchase the items, and keep the receipt.
- F5. Leave the store to checkweigh any produce items and complete the report. Compare the purchase price on the receipt with the advertised, item, or shelf prices recorded earlier. Record any overcharges or undercharges. It is an overcharge if the scanned price on the receipt is greater than the lowest of the posted, marked, or advertised price, excluding sales tax and CRV. An undercharge occurs if the receipt charge is less than the lowest of the above, excluding sales tax and CRV value.
- F6. Return to the store, or if undercover identity is to be maintained, have a different official go into the store. Review displays and any placards, representations, advertisements or flyers for items having a difference between the advertised, item or shelf prices, and the price charged. Record on the Sale Price Report all available information about items with differences.

- F7. Request that the person in charge meet with you. Review the results of the inspection and have that person sign the form along with his or her title. If the items are not to be purchased, have the sale voided and return the items to the shelf. Keep the receipt or a copy and attach it to your copy of the Sales Price Report. Leave a copy with the store. Mail one copy, with a copy of the receipt attached, to the local DMS office.

**ALL PRICING ERRORS MUST BE CORRECTED BEFORE LEAVING THE STORE.**  
**SEE CITATION PROCEDURE MANUAL FOR APPROPRIATE ENFORCEMENT**  
**ACTION**